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NDA BURNS PROPOSED AMENDMENT NO. 1

ORIGINAL

TIME/DATE PREPARED: December 17, 2014COMPANY: Arizona Public Service Company

RECEIVED

AGENDA ITEM NO. 10DOCKET NO(S). E-01345A-13-0140 &
E-01345A-14-0250OPEN MEETING DATE: December 18-19, 2014CORP COMMISSION
DOCKET CONTROL**Page 4, DELETE Line 16 through Page 11, Line 23****Page 12, DELETE Finding of Fact No. 41, Lines 3 through 7 and INSERT:**

“16. On December 3, 2014, APS filed a new proposal for installing and owning Residential Rooftop DG. The primary revisions to its original proposal are that the project would now only be 10MW (instead of 20MW) and that APS would no longer be seeking cost recovery through the REST Surcharge, but would seek cost recovery in a future rate case just as it does for all other plant investment between rate cases.

17. APS is also seeking Commission approval of its proposal to own Residential Rooftop DG, even though no such approval is legally required, i.e., since APS is not seeking cost recovery prior to putting this plant into service, it may seek cost recovery in its next rate case after this plant is actually being used.

18. The Commission agrees with Staff that the proposed 20 MW AZ Sun DG project may not be needed to meet the Company's 2009 Settlement requirements. In fact, approval of any such project of any size, whether utility scale or utility-owned rooftop DG, would likely provide APS with generation capacity that could be considered excess, based on APS's current reserve margin and its plans to soon expand its Ocotillo Generating Station. In addition, the residential DG market in APS's services territory is quite robust, which should be reducing APS's need for additional residential rooftop DG capacity.

19. Because the costs that would be incurred and potentially passed along to ratepayers and the fact that Commission approval is not required for APS's proposal, the Commission is not approving APS's request for utility-owned DG at this time. However, this denial should not be seen as a prohibition to APS for the project as it has proposed it.

20. Although we are not prohibiting APS from implementing its proposed 10 MW pilot project of utility-owned DG to target specific distribution feeders in an effort to maximize potential system benefits from the deployment and potentially provide and possible provide rooftop DG to underserved customers, APS should be put on notice that if it does proceed with this project, it does so knowing that prudence will need to be demonstrated at the time that APS requests cost recovery for this project.

Arizona Corporation Commission

DOCKETED

DEC 17 2014

DOCKETED BY

Page 12, Lines 15, After “at this time” and INSERT:

“but to not prohibit APS from implementing its proposed 10 MW, utility-owned, DG pilot project as described herein”

Page 12, Line 16, INSERT New Conclusion of Law:

“4. The Commission’s non-prohibition of APS’s proposed 10 MW, utility-owned, DG pilot project is not to be viewed in any way as pre-approval for rate making purposes in a future rate case, i.e., no determination of prudence is being made at this time.”

Page 12, line 19, After “are denied,” DELETE Remainder of Sentence and INSERT:

“however, Arizona Public Service Company is not prohibited from pursuing its 10 MW, utility-owned, DG pilot project, as described herein, with the full knowledge that prudence will need to be demonstrated at the time that Arizona Public Service Company requests cost recovery for this project.”

Page 12, Line 20, INSERT New Ordering Paragraph:

“IT IS FURTHER ORDERED that if Arizona Public Service Company decides to pursue is proposed 10 MW, utility-owned, DG pilot project, any determination of prudence of for the project shall not be made until the project is fully in service and Arizona Public Service Company requests cost recovery in a future rate case.”

PLEASE MAKE ALL CONFORMING CHANGES.

THIS AMENDMENT:		
<input type="checkbox"/> Passed	<input type="checkbox"/> Passed as amended by _____	
<input type="checkbox"/> Failed	<input type="checkbox"/> Not Offered	<input type="checkbox"/> Withdrawn